

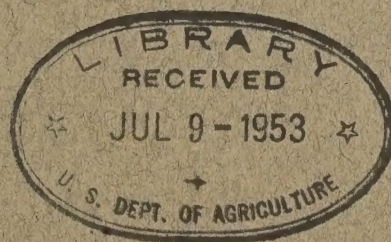
Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

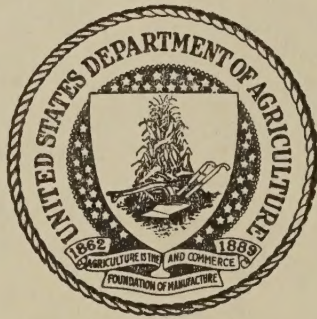
1 Reserve
M34B
1920a

Sep

A BRIEF SYNOPSIS
OF THE WORK OF
THE BUREAU OF MARKETS
OF THE
U.S. DEPARTMENT
OF AGRICULTURE



UNITED STATES
DEPARTMENT OF AGRICULTURE
LIBRARY



Reserve
BOOK NUMBER
841409

1
M34B
1920a

C O N T E N T S.

	Page
INTRODUCTION	1
INVESTIGATIONAL AND DEMONSTRATIONAL WORK	3
Establishment of Standards	4
Investigations and Demonstrations Concerning Efficient Handling, Shipping and Storage of Farm Products	5
Cooperative Organization	6
Foreign Marketing	7
SERVICE WORK	8
Market News Services	8
Food Products Inspection Service	10
REGULATORY WORK	11
Grain Standards	12
Cotton Futures Act	13
Standard Container Act	13
Warehouse Act	14
Stock Yards Supervision	15
Completion of Work of Domestic Wool Section of the War Industries Board	15
COOPERATION WITH THE STATES IN MARKETING WORK	16
DIFFICULTIES OF OBTAINING AND RETAINING COMPETENT TECHNICAL STAFF	17
REDUCTION IN FUNDS FOR FISCAL YEAR 1921	19

THE BUREAU OF MARKETS.

A Brief Synopsis of Its Work.

The United States Department of Agriculture and the State agricultural colleges and experiment stations for a great many years have been rendering definite assistance to farmers in the solution of problems concerning agricultural production. In fact, until recently the attention of these agencies has been almost exclusively directed to increasing the quantity and improving the quality of the products of the American farm. The point was reached a few years ago, however, where the American farmer began to ask not so much, "How can I increase production?" or "How can I improve quality?", as "Where can I sell to advantage the things that I produce?" In response to urgent and increasing demands, therefore, in 1913 an Office of Markets was created in the United States Department of Agriculture. This Office subsequently developed into the Bureau of Markets.

**Importance of
Marketing
Recognized.**

**Bureau of
Markets deals
with the Selling
End of Farming.**

The function of this Bureau is to assist the farmer in solving the problems of marketing and distribution as the Bureaus of Plant and Animal Industry of the Department of Agriculture have for a great many years assisted him in increasing production and in bettering the quality of his products. The work of the Bureau of Markets deals definitely with the selling end of farming and is, therefore, concerned with questions of economics and business.

The Bureau of Markets has been in existence seven years.

During this relatively short time it has done pioneer work in an undeveloped field and the importance of continuing and developing these activities would be difficult to overstate. It is of the highest importance that work calculated to increase production should be continued, and it is equally important that marketing work be developed in an adequate and logical manner, or much of the work on production must necessarily fall short of its possibilities and the benefits which should result from it will not be realized. Distribution is fundamentally an interstate activity and involves a multiplicity of relations with others in which the farmer encounters conditions which deprive him of the possibility of controlling the disposition and sale of his crops. As an illustration, apples produced in the Pacific Northwest compete with apples produced in the Shenandoah Valley of Virginia and the grain crops produced in the several grain producing States compete, not only in the markets of the United States, but in the markets of the World. The farmer consequently is in particular need of market information which will enable him to obtain the true value of the crops that he produces.

Increased
Production
Dependent
on Marketing.

Marketing,
an Intricate
Problem.

The work of the Bureau of Markets covers the entire United States and it has branch offices or representatives in about 50 places. Its activities are divided into three branches, i. e., investigational and demonstrational, service,

and regulatory.

Investigational and Demonstrational Work.

Progress
Dependent
on Research.

Thoroughgoing investigations of existing conditions in connection with the marketing and handling of farm products are fundamentally necessary as a foundation on which to base effective service and regulatory work. Many of the

larger and more progressive corporations now maintain research departments through which the fundamental facts regarding their business may be ascertained. Work of this sort is even more necessary to an agency like the Bureau of Markets than to a corporation. The Bureau of Markets consequently studies current market conditions, demand for specific crops, sources of supply, methods of grading, standardizing, packing and shipping, transportation and storage, the nature of the commercial transactions by means of which

Subjects
Investigated
by Bureau.

farm products move from the producer to the consumer, waste in marketing, methods of accounting and business practice used by agencies engaged in the marketing of farm products, co-operative associations of farmers for marketing farm products, purchasing farm supplies, etc. The specific commodities to which the most attention has been given are cotton and cotton seed, live stock, meats and animal by-products, dairy products, grain, hay, feeds and seeds, and fruits and vegetables.

Under a special item in the appropriation Act, the Bureau cooperates with the Federal Trade Commission in inves-

**Cooperation
with Federal
Trade Com-
mission.**

tigating questions relating to the transportation, storage, marketing, manufacture and distribution of food products, with especial reference to manipulation, control of the visible food supply, and related questions. This work, so far, has been confined to live stock and the food-producing grains. A number of reports setting forth the results of the inquiries have been sent to the Federal Trade Commission for publication.

Some of the most important subjects with which the Bureau has dealt in its investigational work are the following:

(a) **The establishment of standards for farm products and containers in which they are packed.** This work is basic to all improvement in marketing because without established standards and grades there is no recognized basis for buying and selling; no common language by which the parties to a transaction may understand each other; no standard of quality upon which values and prices may be fixed.

**Mandatory
Standards
Established.**

Mandatory standards have been adopted as follows: Standards of classification for American upland, Sea Island and American Egyptian cottons, including grade, color and length of staple; grades for shelled corn, wheat and oats; standards for climax baskets and containers for small fruits, berries and vegetables.

**Permissive
and Tentative
Standards
Published.**

Permissive standards have been fixed for: white potatoes, Bermuda onions, sweet potatoes and strawberries, and tentative standards have been formulated for some other fruits and vegetables. Tentative standards of classification for live stock and meats have been formulated for use in reporting market conditions and prices. Tentative standards of classification for butter also have been fixed as a basis for the inspection service on that commodity. This work should be broadened as soon as possible; standards should be fixed for additional commodities such as hay and wool and those already promulgated should be constantly improved.

(b) Investigations and Demonstrations Concerning the Efficient Handling, Shipping and Storage of Farm Products.

**Campaign
to Reduce
Waste.**

Enormous wastes occur on account of the inefficient, careless manner in which many farm products are handled, stored and shipped and this Bureau conducts continually a campaign to overcome these evils.

The following cases may be cited as illustrative of this kind of work:

**Losses
through
Improper
Storage
of Sweet
Potatoes.**

It is estimated that 25 per cent of the sweet potato crop is lost through decay caused by storage in earth banks. The loss on this account last year is estimated to have approximated \$25,000,000. This Bureau developed a storage house in which the decay of the stored product has been reduced to less than 2 per cent and, as a result of its demonstrations, more than 600 houses of the recommended type have been built in the past two years. They provide suitable storage facilities for about 5 per cent of the total amount stored.

**Losses
from
Improper
Loading.**

An immense amount of waste occurs because shipments of perishable fruits and vegetables are not properly loaded. Frequently 20 per cent of such commodities as grapes or apples is lost on this account. Specifications for loading certain fruits and vegetables have been worked out and assistance has been given to the Railroad Administration in formulating such specifications. The specifications for loading sacked potatoes have made it possible practically to eliminate former very heavy losses caused by improper loading.

**Improved
Refrigerator
Car Designed.**

In connection with the work which this Bureau has done to preserve fruits and vegetables from decay and deterioration in storage and in transit, plans and specifications for a standard refrigerator car were drawn up. This car proved to be such an improvement over existing types that the Railroad Administration adopted it as standard and practically all of the refrigerator cars built or rebuilt in the past two years have been constructed in accordance with these specifications.

It is often estimated that from \$50,000,000 to \$75,000,000 is lost annually because baled cotton is not properly protected. Tests conducted by this Bureau to determine the extent of such damage showed that one

**Losses on
the Cotton
Crop.**

bale which was exposed to the weather for six months lost in value \$100.48 - approximately one-half of its original worth. The Bureau has designed storage houses in which cotton can be properly protected and the plans for such houses are available to all who wish them. Constant calls are received for assistance in adapting these plans to specific localities. These warehouses not only protect cotton properly but they have enabled insurance companies to give much lower rates on stored cotton than formerly. Rates range from \$2.00 to \$4.00 per hundred on cotton stored in improperly constructed houses; on cotton stored in houses built according to the specifications of the Bureau of Markets, the rates range from 25 to 50 cents per hundred. The American Cotton Association at a recent meeting determined to organize warehouse companies in all of the cotton producing sections of the South for the purpose of constructing warehouses according to the plans prepared by this Bureau.

**Improved
Methods
of
Handling
Grain.**

Until recently the grain raised in the Pacific Northwest has been largely marketed in sacks. This method of handling is expensive and inefficient not only on account of the high cost of sacks but because of the extra labor involved. It is estimated that at the present time fully 50 per cent of the grain grown in that region is still handled in this manner. The Bureau of Markets has conducted a campaign to promote bulk handling in the Pacific Northwest and expert assistance has been given in constructing granaries and elevators. Many country elevators have been built according to our recommendations, mostly by farmers' cooperative associations. Assistance also was given in planning the 1,000,000-bushel terminal elevator erected by the municipality at Portland, Oregon.

**Policy
Followed in
Cooperative
Organization
Work.**

(c) **Cooperative Organization:** Farmers' cooperative organizations are a permanent economic institution and are destined to have far-reaching effect both upon the farmer and the general public. The problems connected with the organization and operation of cooperative associations of farmers, and the business practices and accounting systems used by such organizations are of great importance. The Bureau of Markets maintains a division to deal with matters of this kind. Aside from making general investigations regarding the subject, the workers of this project give expert advice and assistance to specific groups of producers who request help in the organization and operation of

cooperative associations. The Bureau does not engage in general propaganda calculated to induce the formation of such associations, but, when it is apparent that cooperative effort is needed to overcome abuse, remedy inefficiency, or supply a recognized need, it suggests to producers the advisability of considering the formation of a cooperative organization, shows them how such organizations are formed and conducted and explains to them the principles that must be observed in order to be successful.

**Increased
Returns to
Potato
Growers.**

In the season of 1918-1919 the Bureau gave expert advice and assistance to the potato growers in Michigan in forming the Michigan Potato Growers' Exchange. Fifty-two local potato shipping associations were formed which were federated into the Michigan Potato Growers' Exchange. In less than 10 months this exchange marketed 2118 cars of potatoes and 46 cars of other products, receiving therefor \$1,808,946.74. These cars were sold to 401 consumers in 186 cities in 26 states. Careful estimates indicate that the members of the exchange received for their products \$253,900 more than they would if they had not been organized. Over \$80,000 was saved in the purchase of supplies by the members of the exchange. The exchange continues to grow, today consisting of about 90 locals. The volume of business for the current season will be much larger than for the last season.

**Cooperative
Cotton
Marketing.**

The Bureau carries on work at various points in the Cotton Belt to demonstrate to farmers the value of knowing the grade and staple of cotton before sale, of having information regarding market conditions, and of finding other than local outlets for their cotton. This work is done through associations of farmers and has demonstrated the possibilities of marketing cotton cooperatively. It is estimated by Texas officials that on account of this work, farmers in that State alone received last year \$1,000,000 more for their cotton than they would have done otherwise. Representatives of the Bureau are now working with a committee of the American Cotton Association to devise plans for marketing cotton cooperatively throughout the entire cotton producing area.

(d) **Foreign Marketing:** Approximately fifty per cent of our exports last year were agricultural products, and the world markets have a far-reaching effect on domestic marketing and prices. In order to assist

Foreign
Markets
Enlarged.

American producers and exporters, therefore, the Bureau maintains a Foreign Service. An agricultural Commissioner is stationed in London to cover the United Kingdom and in the fall of 1919 two live stock commissioners were sent to Brazil, Argentina and Uruguay and this trip resulted in obtaining an outlet for American pure-bred live stock in South America. As a result of this survey sales reported to date amount to \$325,000 and it is probable that there was other business, of which we have no record. The most important fact is, however, that a market has been opened for future development.

Service Work.

Market News Services.

Commodities
Covered
by News
Service.

The Bureau conducts market news services relating to fruits and vegetables; live stock and meats; dairy products; hay, feed and seeds; and peanuts, and has recently instituted, in accordance with an amendment to the cotton futures Act, a quotation service showing the value of spot cotton.

Essentials
of a News
Service.

Prompt, accurate and disinterested market information is vital to the successful conduct of any business. The less that market news partakes of the nature of hearsay and prediction and the more specific and reliable it becomes, the less likelihood there is of economic waste caused by products being directed toward glutted markets and away from under-supplied markets. To the extent that marketing is a national problem, market news to be of maximum value, must be impartial and must be collected and distributed upon a nationwide basis. Experience indicates that the Federal Government is as yet the only agency which can furnish a service impar-

tial and nation-wide in scope.

Government
Market News
Service
Available
to all.

Prior to the establishment of the market news services, a few large organizations only were able to obtain reliable information on market conditions; now such information is available to all producers and to large and small dealers alike, and this protects the small producer, brings about more stable conditions and better distribution, and benefits consumers as well.

The outstanding feature of the market news service work is that it keeps before the producer, distributor, and consumer a picture of the movement of important crops to market, the supplies arriving in all of the important consuming and distributing markets, and the wholesale prices prevailing in each.

Leased
Wires
Used.

To make its reports of the utmost practical usefulness, the Bureau has equipped itself with the fastest system of communication available today. Its branch offices in the great consuming and distributing markets are connected with leased telegraph lines and operated by Bureau telegraphers. These wires are busy from 8 to 12 hours a day in the exclusive transmission of information which is vital to intelligent and successful food distribution. At one time, during the war, the Bureau operated 17,000 miles of leased wires. Its wires now extend about 5,000 miles and further decreases in funds probably will necessitate a further contraction.

**Cooperation
of Railroads
in Furnishing
Reports.**

Before the news services could be successfully operated it was necessary to get the cooperation of the carriers in order to obtain information regarding the carlot movement of certain commodities. This the Bureau has been very successful in doing and at the present time nearly 1200 different agents on 474 railroads, involving 248,000 miles of road, send in reports which are used in connection with the daily telegraphic bulletins on fruits and vegetables and live stock and meats. Nine thousand three hundred and fifty local station agents report monthly the carlot forwardings of all fruits and vegetables. This enables the Bureau to have more complete statistics of the origin and commercial movement of fruits and vegetables in the United States as a whole than have ever been obtained by any other agency.

**The Market
Reporter.**

In addition to its daily and other bulletins, the Bureau publishes "The Market Reporter," a weekly periodical which gives reliable current market information, reviews of crop seasons, comparisons and other related material such as has never before been available in convenient form.

The Food Products Inspection Service.

**Food
Products
Inspected.**

The Food Products Inspection Service provides a means whereby shippers or other interested persons may obtain a prompt, full, accurate and disinterested report on the condition of their shipments upon arrival at market.

Inspection
Certificates
Prima Facie
Evidence
in Courts
of U. S.

Inspections, which on account of limited funds are now confined to fruits, vegetables and butter, are made only upon formal request from some financially interested party and the reports issued by the inspectors are prima facie evidence in the courts of the United States. The certificates furnish a basis for the settlement of disputes, damage claims, etc., and the very existence of the service removes the temptation to make unjustifiable rejections and prevents many disputes which otherwise would arise.

172 Markets
Served.

At the present time fruit and vegetable inspectors are stationed at 25 markets, 147 additional markets being served from these stations. Butter inspectors are stationed in New York, Philadelphia, Chicago and Boston.

Other Service Work.

Other phases of service work are not described because complete description of the service activities would occupy too much space and time.

Regulatory Work.

Laws
Administered
by Bureau
of Markets.

Regulatory work is conducted by the Bureau of Markets to enforce the United States grain standards Act, the United States cotton futures Act, the United States warehouse Act, the standard container Act, and, as a war activity, to supervise the stock yards, and close up the work of the Wool Sec-

tion of the War Industries Board. The Bureau , in cooperation with the Solicitor's Office of the Department of Agriculture, has rendered material service to the committees of Congress which had charge of this legislation by assisting to draft the bills before they were introduced.

U. S. Grain Standards Act.

Under the United States grain standards Act standards have been fixed for shelled corn, wheat and oats; persons engaged in the inspection and grading of such grain are licensed and their work is supervised. Prior to the promulgation of the official standards, no uniform grades for any grain were in effect. State grain inspection departments in a few States, and many individual markets in other States maintained varying sets of grades. There were in existence about forty sets of standards for wheat alone, which have been replaced by the Federal grades for both interstate and intrastate inspections.

Favorable reports have been received from the Secretary of the Grain Dealers' National Association and from various chambers of commerce and boards of trade and it seems fair to say that the business and agricultural interests of the country which are affected by the operation of this Act feel that it has been helpful to them.

U. S. Cotton Futures Act.

The committee on agriculture of the House of Representatives at the time it recommended this Act for passage, expressed the opinion that it would enhance the value of the cotton crop to farmers \$100,000,000 annually, and the attitude of the public toward the enforcement of the cotton futures Act has been distinctly favorable. The cotton industry, as a whole, would oppose the repeal of this law. The operation of this Act is highly technical and it will, therefore, not be discussed at length here. Briefly, however, the Act imposes generally on all contracts of sale of cotton for future delivery, made at, on or in any exchange, board of trade or similar institution or place of business, a tax of two cents for each pound of cotton involved. It then exempts from the tax contracts that comply with specified sets of conditions, which are aimed to correct the evils of future dealing and provides machinery for carrying the scheme into effect. The cotton standards mentioned on page 4 were promulgated under the authority contained in this Act.

Standard Container Act.

The standard container Act, fixes standard sizes for climax baskets and some other containers for fruits and vegetables. Under the Act more than a dozen sizes of climax baskets (ordinary grape baskets) were replaced by three, and

**Seven
Standardized
Containers
Replaced
more than
40 Different
Sizes or
Shapes.**

nearly thirty sizes of boxes for berries and small fruits were replaced by four. This Act is a popular measure with growers, shippers, package manufacturers and the produce trade, who fully realize its importance and benefits. The shipping, handling and sale of the commodities handled in the containers covered have been greatly simplified and expedited by this legislation. Dealers now know just what to expect when they purchase such products in these containers from distant producers. Market quotations on such products can now be made and interpreted with uniformity and accuracy. Manufacturers are no longer compelled to make and carry in stock a large number of various sizes of these packages and a feeling of confidence between persons trading in commodities packed in containers of this sort is now noticeable and justified.

The United States Warehouse Act.

**Stabilizes
Warehouse
Receipts.**

This is a permissive measure which enables the Department to license and bond warehousemen who store grain, cotton, wool, tobacco and flaxseed. It increases the desirability of warehouse receipts as collateral for loans and its wide use would be of definite assistance in the financing of crops. It tends to stabilize market conditions and prices by making it easy for farmers to store their products and receive warehouse receipts which can be used as collateral for loans,

instead of placing all of their products on the market during the harvesting season, which method contributes to undue depression and inflation of prices. Among the tangible benefits resulting from the warehouse Act is the agreement of the Southeastern Underwriters' Association to reduce by 25 per cent fire insurance rates on cotton stored in licensed warehouses, because of the benefits of Federal inspection.

Stock Yards Supervision.

The regulation of stock yards and live stock dealers was undertaken by the Department of Agriculture in response to the Proclamations of the President, issued June 18, 1918, and September 6, 1918. The Chief of the Bureau of Markets was designated by the Secretary of Agriculture to administer the supervision of licensees. This work is much contracted now as it was undertaken as a war activity, under emergency funds, which are practically exhausted. During its progress, however, it was found possible to recommend and bring about many specific economies and improvements and the mere fact that the regulations were being enforced caused the voluntary elimination of many irregularities and injurious practices.

Completion of the Work of the Domestic Wool Section of the War Industries Board.

By Executive Order, the work of the Wool Division of

**Excess
Profits to be
Returned to
Growers.**

the War Industries Board was transferred to the Bureau of Markets for completion, and since that time it has been engaged in auditing the accounts received from dealers and in collecting the excess profits which later will be distributed to the growers. It appears at the present time that approximately \$1,000,000 in excess profits will have been collected and returned to the growers before this work is finally discontinued. The total number of reports already received from country and central dealers is 4,210 and it is probable that additional reports will be received.

Cooperation with the States in Marketing Work.

The Bureau of Markets now carries on cooperative marketing work with State agencies in twenty-eight States, i. e., Arkansas, Colorado, Connecticut, Georgia, Iowa, Louisiana, Maine, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Hampshire, New Mexico, North Carolina, Tennessee, Texas, Utah, Vermont, Virginia, and Washington. The work in each of these States is under the immediate leadership of a field agent in marketing, whose function it is to assist in coordinating the marketing activities of the various agencies in the State in which he is located. The majority of these agents have assistants engaged on special phases of marketing, four or five men being employed in some cases. This work furnishes a

valuable means for coordinating and standardizing the activities of the Federal Government and the State agencies, and makes possible the development of a consistent national policy through which marketing improvements may be effected. State authorities are much interested in this work and are anxious to develop it. The following quotation from a letter addressed to the Bureau by the Dean of one of the Agricultural Colleges in the South may fairly be said to illustrate the general attitude of the cooperating States toward the work:

"In this State and in the other States of the South we simply cannot do without this marketing service. It is teaching farmers how to associate themselves together in marketing associations; it is showing them how to grade their products; it is teaching them the value of quality; it is getting them more money for their farm products than they could get under haphazard methods. I may even go so far as to say that without this service the County Agents would make serious mistakes."

Reductions in Funds for the Fiscal Year Beginning July 1, 1920.

With the beginning of the present fiscal year, the funds of the Bureau were reduced by almost \$275,000.

As an example of the effect of this reduction, it will be impossible to establish grades for barley, rye and the grain sorghums, this year as was planned. The large amount of careful preliminary investigational work which must precede the establishment of any grades, must necessarily be

**Reductions in
Standardization
Work.**

greatly slowed down as the result of decreased funds. The same is true in regard to wool standardization work, which can not be taken up adequately.

**Reductions in
Market News
Services.**

The Market News Services on Live Stock and Meats, Dairy and Poultry Products, Fruits and Vegetables, Peanuts, Hay, Feeds and Seeds must be curtailed. During the war the Bureau had in operation 17,000 miles of leased wire, this mileage last year was cut to about 5000. This year it had to be further reduced and important agricultural sections of the country, such as the Pacific Coast, the South and Southwest, are deprived of many of the benefits of the news service. These sections are in most urgent need of information because they are located at relatively great distances from the market.

**Pacific Coast
South and
Southwest
most affected.**

**Reductions in
Food Products
Inspection
Service.**

The appropriation for the Food Products Inspection Service has been reduced, although the demand for inspections has been constantly increasing and the force is greatly overworked. With the decrease in funds it was necessary to close certain offices and reduce the force in some of the more important places. There has been a very strong demand for the opening of additional offices in such cities as Hartford, Louisville and Norfolk, but this demand can not be answered.

The reduction in the appropriation for the enforcement of the United States grain standards Act is of a serious nature because last year it was barely sufficient to permit

**Reductions in
Appropriation
for Grain
Standards Act.**

the discharge of the work in a satisfactory fashion. This legislation being mandatory and not permissive, imposes upon the Bureau certain duties which it can not avoid. To enforce the Act at all, it is necessary to maintain an organization covering the entire United States. This necessitates the maintenance of a number of branch offices, and these, in the larger markets must be manned by relatively large forces, in order to handle effectively and expeditiously the great volume of work which arises automatically through the operation of the law.

To come within the appropriation, it has been necessary to discontinue the offices at Salt Lake City and Cleveland, reduce forces in other places, and postpone for at least one year the promulgation of standards for milled rice. There is insistent demand for the standardization of additional cereals under the grain standards Act, and consequently arrangements had been made to promulgate rice standards, but these plans were necessarily abandoned when it became clear that the appropriation would be reduced.

